



National Bank  
of Ukraine

## Business Outlook Survey of **Zakarpattia Oblast**\*

**Q3 2020**



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q3 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in Q3 2020 showed that respondents expected no change in the output of Ukrainian goods and services over the next 12 months amid the adaptive quarantine regime. Respondents were pessimistic about the future performance of their companies over that period. Respondents also reported moderate inflation and higher depreciation expectations.

#### The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was (0.0%) compared with (-45.5%) in Q2 2020 (Figure 1) and (-16.1%) across Ukraine
- **prices for consumer goods and services would rise moderately:** 70.0% of the surveyed companies said that growth in the prices of consumer goods and services would not exceed 7.5% (compared to 72.7% in the previous quarter and 55.6% across Ukraine). Respondents referred to the exchange rate as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate significantly:** a total of 90.9% of respondents (compared to 72.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-9.1%) (compared with 18.2% in the previous quarter). Companies across Ukraine expected an improvement in their financial and economic standings (4.4%) (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% compared with 18.2% in the previous quarter (see Table). External sales were expected to decrease: the balance of responses was (-20.0%) (compared with 16.7% in the previous quarter). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 9.8% and 4.3% respectively
- **investment in construction would decrease** at a slower pace: the balance of responses was (-9.1%) compared to (-30.0%) in Q2 2020. Investment in machinery, equipment, and tools was expected to increase: the balance of responses was 9.1% compared to (-9.1%) in Q2 2020. The balances of responses across Ukraine were (-4.7%) and 5.2% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-18.2%) compared with 0.0% in Q2 2020 and (-10.8%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise** at a faster pace: the balances of responses were 81.8% and 63.6% respectively (compared to 63.6% and 36.4% in Q2 2020) (Figure 6). Wage costs and the exchange rate were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 27.3% and 45.5% respectively (compared with 18.2% and 27.3% in Q2 2020) (Figures 4 and 6).

Weak demand continued to be cited as **the main drag on the ability of companies to boost production** (63.6% of respondents) (Figure 5).

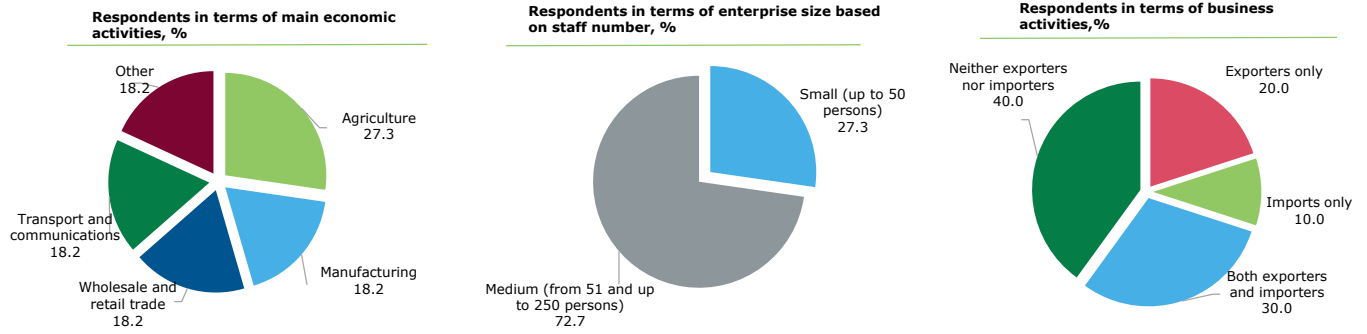
**Expectations of borrowing needs** in the near future **decreased significantly** (Figure 8). The respondents that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high loan rates as the main factor that deterred them from taking out loans (Figure 10).

**All of the respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.6% across Ukraine).

#### Assessments of financial and economic standings as of the time of the survey (Figure 3)

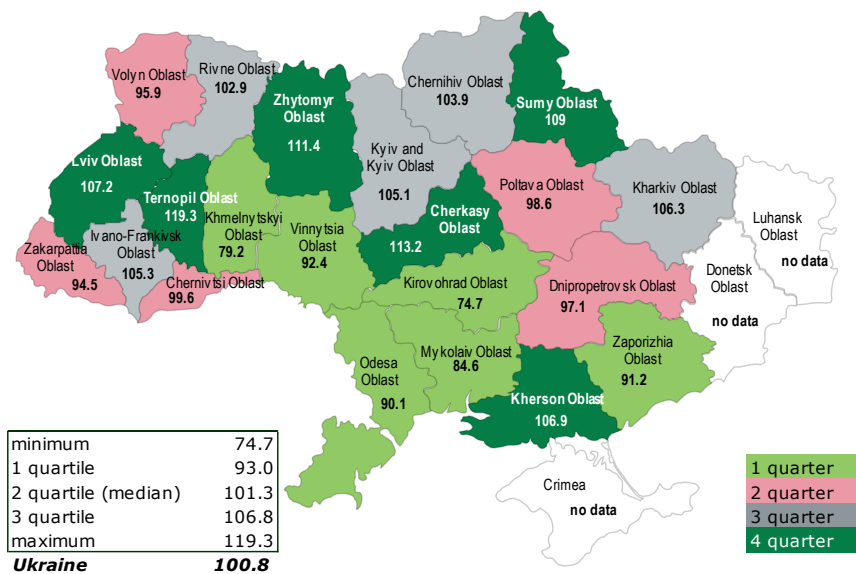
- **The current financial and economic standings of companies were assessed as bad:** the balance of responses was (-18.2%) compared with (-9.1%) in the previous quarter and (-5.6%) across Ukraine (Figure 3).
- **Finished goods stocks had increased and were assessed at a level higher than the normal one:** the balance of responses was 1.4% (compared with 0.0% in Q2 2020).
- **Companies in the region had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 18.2% (compared to 27.3% in the previous quarter).

### Survey Details<sup>1,2</sup>



- Period: 5 August through 26 August 2020.
- A total of 11 companies were polled.
- No economic activity was able to generate a representative sample.

### Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



\*a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

\*\*a median is the value of the BOI in the middle of an ordered sample where the sample is divided into two equal-sized subgroups

**Table. The Business Outlook Index of Companies in Zakarpattia Oblast and Its Components**

Expectations over next 12 months for	Balances of responses, %				
	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Financial and economic standings	25.0	36.4	0.0	18.2	-9.1
Total sales	8.3	45.5	-18.2	18.2	0.0
Investment in construction	18.2	20.0	20.0	-30.0	-9.1
Investment in machinery, equipment and tools	18.2	36.4	30.0	-9.1	9.1
Staff numbers	8.3	0.0	-54.5	0.0	-18.2

<sup>2</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

<sup>3</sup> Data for totals and components may be subject to rounding effects.

<sup>4</sup> The business outlook index (BOI) is an aggregate indicator for expected business performance over the next 12 months. It is calculated using the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

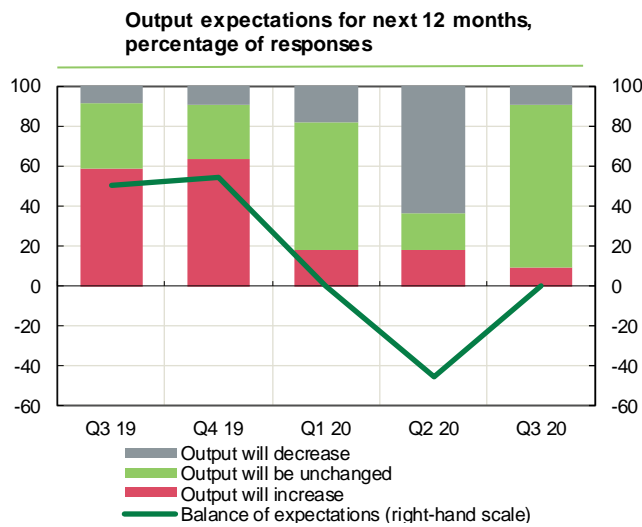


Figure 2

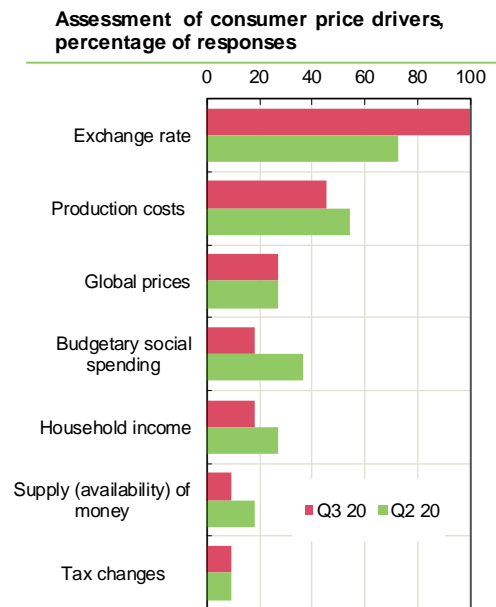


Figure 3

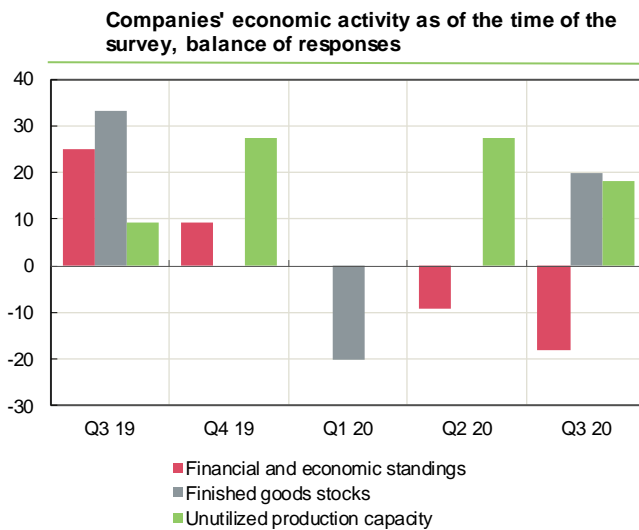


Figure 4



Figure 5

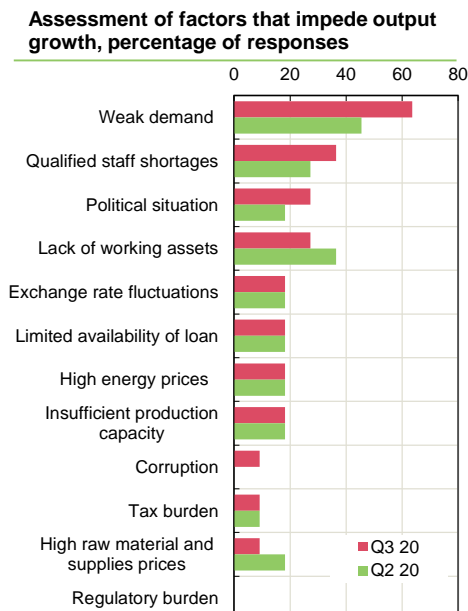


Figure 6

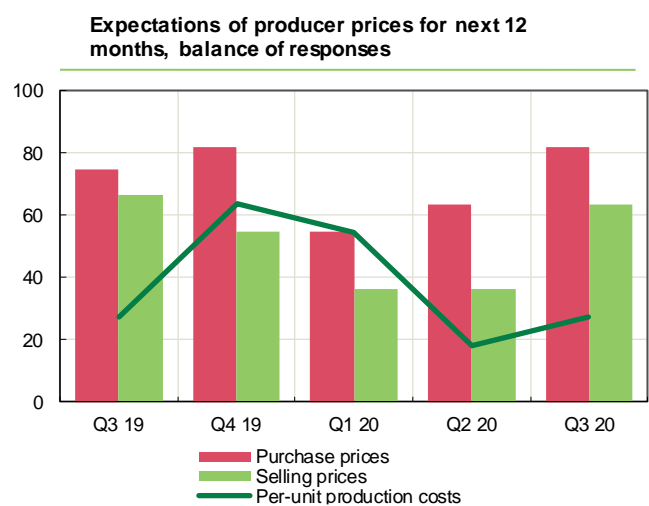


Figure 7

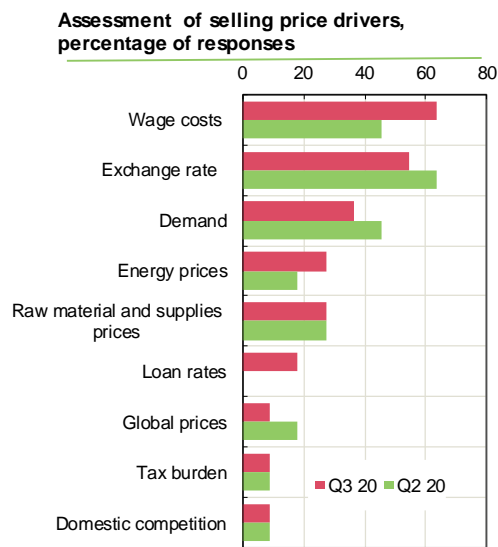


Figure 8

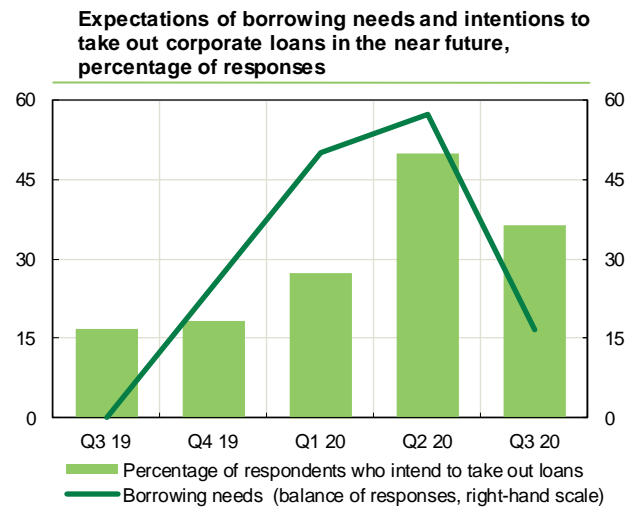


Figure 9

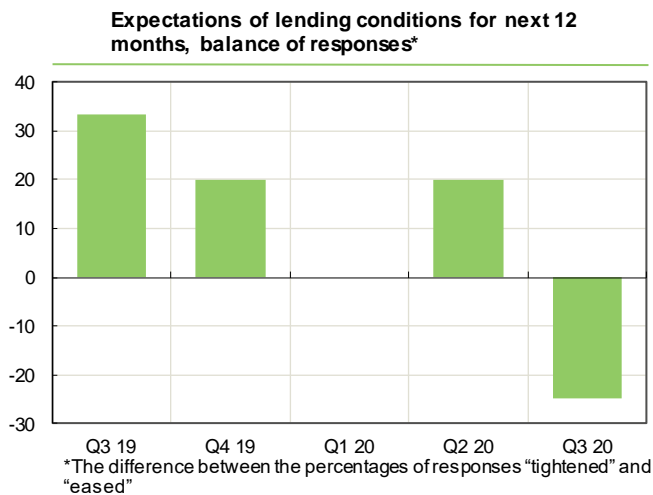


Figure 10

